

Master Settlement Agreement

DESCRIPTION OF MAJOR SERVICES

This budget unit accounts for proceeds received from the tobacco lawsuit Master Settlement Agreement (MSA). In late 1998 a settlement was reached in a lawsuit filed by states against the tobacco industry. In California the proceeds of the settlement are to be divided equally between the state and local governments who partnered in the lawsuit. Payments to local governments are based on a formula involving total tobacco sales and each local entity's population.

A majority of the county's total proceeds are used each year to finance a portion of the Arrowhead Regional Medical Center debt.

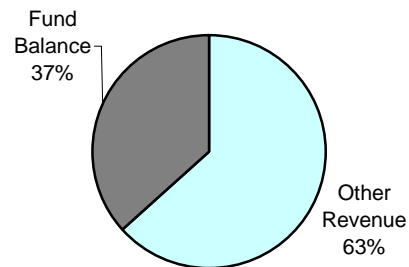
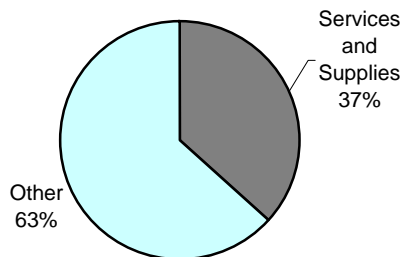
There is no staffing associated with this budget unit.

BUDGET AND WORKLOAD HISTORY

	Actual 2002-03	Budget 2003-04	Actual 2003-04	Final 2004-05
Total Requirements	18,386,633	27,886,223	17,733,000	29,365,478
Departmental Revenue	21,882,027	17,876,000	18,473,314	18,596,435
Fund Balance		10,010,223		10,769,043

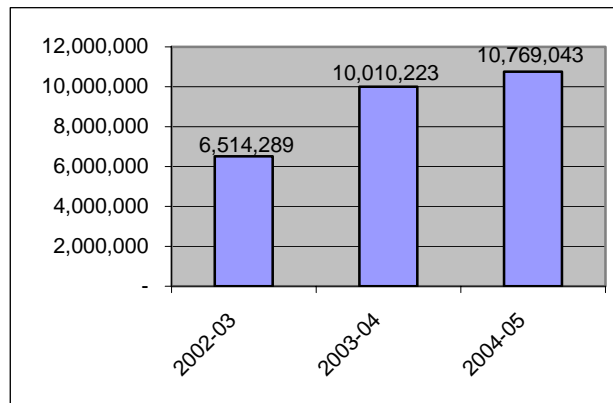
In accordance with Section 29009 of the State Government Code, the entire unreserved fund balance must be appropriated each year. Accordingly, actual expenditures in this fund are typically less than budgeted. The amount not expended is carried over to the subsequent year's budget.

2004-05 BREAKDOWN BY EXPENDITURE AUTHORITY 2004-05 BREAKDOWN BY FINANCING SOURCE



2004-05 FUND BALANCE TREND CHART





GROUP: Administrative/Executive
DEPARTMENT: Master Settlement Agreement
FUND: Tobacco Settlement Agreement

BUDGET UNIT: RSM MSA
FUNCTION: General
ACTIVITY: Finance

	2003-04 Actuals	2003-04 Approved Budget	2004-05 Board Approved Base Budget	2004-05 Board Approved Changes to Base Budget	2004-05 Final Budget
<u>Appropriation</u>					
Services and Supplies	-	9,661,775	9,661,775	1,070,703	10,732,478
Contingencies	-	491,448	491,448	(491,448)	-
Total Appropriation	-	10,153,223	10,153,223	579,255	10,732,478
Operating Transfers Out	17,733,000	17,733,000	17,733,000	900,000	18,633,000
Total Requirements	17,733,000	27,886,223	27,886,223	1,479,255	29,365,478
<u>Departmental Revenue</u>					
Use of Money and Prop	269,155	360,000	360,000	(140,000)	220,000
Other Revenue	18,204,159	17,516,000	17,516,000	860,435	18,376,435
Total Revenue	18,473,314	17,876,000	17,876,000	720,435	18,596,435
Fund Balance		10,010,223	10,010,223	758,820	10,769,043



DEPARTMENT: Master Settlement Agreement
 FUND: Tobacco Settlement Agreement
 BUDGET UNIT: RSM MSA

SCHEDULE A

MAJOR CHANGES TO THE BUDGET

	Budgeted Staffing	Appropriation	Departmental Revenue	Fund Balance
2003-04 FINAL BUDGET	-	27,886,223	17,876,000	10,010,223
Cost to Maintain Current Program Services				
Salaries and Benefits Adjustments	-	-	-	-
Internal Service Fund Adjustments	-	-	-	-
Prop 172	-	-	-	-
Other Required Adjustments	-	-	-	-
Subtotal	-	-	-	-
Board Approved Adjustments During 2003-04				
30% Spend Down Plan	-	-	-	-
Mid-Year Board Items	-	-	-	-
Subtotal	-	-	-	-
Impacts Due to State Budget Cuts	-	-	-	-
TOTAL BOARD APPROVED BASE BUDGET	-	27,886,223	17,876,000	10,010,223
Board Approved Changes to Base Budget	-	1,479,255	720,435	758,820
TOTAL 2004-05 FINAL BUDGET	-	29,365,478	18,596,435	10,769,043

SCHEDULE B

DEPARTMENT: Master Settlement Agreement
 FUND: Tobacco Settlement Agreement
 BUDGET UNIT: RSM MSA

BOARD APPROVED CHANGES TO BASE BUDGET

Brief Description of Board Approved Changes	Budgeted Staffing	Appropriation	Departmental Revenue	Fund Balance
1. Remove Contingency Budget As a result of final fund balance, contingencies were budgeted last fiscal year. These contingencies are not budgeted in the 2004-05 fiscal year to provide greater flexibility within this budget unit.	-	(491,448)	-	(491,448)
2. Increase in available one-time money One-time funds are increased in this budget unit due to increases in prior year revenues and expenditures being less than budgeted causing an increase in fund balance which must be budgeted.	-	1,123,497	-	1,123,497
** Final Budget Adjustment - Fund Balance Services and supplies decreased due to a lower than anticipated fund balance.		(52,794)	-	(52,794)
3. Increase In Operating Transfers Out Increase financing to the General Fund by \$900,000, total financing \$3,633,000, to fund costs in the health related departments.	-	900,000	-	900,000
4. Reduce Budgeted Interest Income Amount budgeted was reduced for 2004-05 based on current interest apportionments.	-	-	(140,000)	140,000
5. Increase in Tobacco Settlement Proceeds Increase in projected annual payment for 2004-05 from Tobacco Settlement based on cigarette consumption projections as of October 2002.	-	-	860,435	(860,435)
Total	-	1,479,255	720,435	758,820

** Final Budget Adjustment was approved by the Board after the proposed budget was submitted.

